



## Montana Teachers' Retirement System



### ACTIVE MEMBERS

Benefit information and  
account access



### BENEFIT RECIPIENTS

Handbook, forms and  
account access



### EMPLOYERS

Account access for  
insurance, wages and  
contributions



Welcome to the new TRS website

Key Information



## MASBO Summer Conference June 12 – 15, 2017

**Nolan Brilz, Accounting & Fiscal Manager  
Montana Teachers' Retirement System**



# Part One

## TRS Overview / General Info



# Teachers' Retirement System

---

- ▶ Established by Montana Legislature in 1937.
- ▶ Over 19,000 active members
- ▶ Over 15,000 benefit recipients
- ▶ Over \$3.6 billion in assets managed by Board of Investments
  
- ▶ Defined benefit pension plan (*i.e. 401a*)
  - ▶ NOT a defined contribution (*e.g. 401k*)
  
- ▶ TRS Staff
  - ▶ Contact Information on TRS website
  - ▶ [www.trs.mt.gov](http://www.trs.mt.gov)



# TRS Employers

---

- ▶ Public School Districts
- ▶ State of Montana
- ▶ Office of Public Instruction
- ▶ Board of Public Education
- ▶ Education Cooperatives
- ▶ Montana School for the Deaf and Blind
- ▶ Youth Correctional Facilities
- ▶ Montana University System
- ▶ Community Colleges
- ▶ Any other agency, political subdivision (*e.g. county*), or instrumentality of the state (*e.g. CSPD, educational cooperative*)

# TRS Members

## Examples of Some Reportable Positions

---



- ▶ Coach
- ▶ Dean of Students
- ▶ Guidance Counselor
- ▶ Librarian
- ▶ Paraprofessional
- ▶ PE Instructor
- ▶ Principal
- ▶ School Nurse
- ▶ School Psychologist
- ▶ Speech Therapist
- ▶ Substitute Teacher
- ▶ Study Hall Monitor
- ▶ Superintendent
- ▶ Teacher
- ▶ Teacher's Aide
- ▶ Determined by *duties*, not by title
- ▶ Contact TRS if you have any questions



# Excluded from TRS membership

---

- ▶ Bus driver
  - ▶ Cafeteria staff
  - ▶ Custodial staff
  - ▶ Hall monitors
  - ▶ Non-instructional information technology staff
  - ▶ Playground aide
  - ▶ School Clerks
  - ▶ Ticket takers
- 
- ▶ **Contact TRS if you have any questions**



# Membership Eligibility

---

- ▶ Employees must be enrolled in TRS if they
  - ▶ Are employed in a TRS reportable position
  - ▶ Will be employed in the position for at least 30 days or 210 hours in a fiscal year
  - ▶ Anything over 210 hours in a fiscal year is reportable
  - ▶ Anything under 210 hours is not reportable
- ▶ Full-time
  - ▶ At least 180 days or 140 hours in a fiscal year
  - ▶ Usually contracted full-time teachers
- ▶ Part-time
  - ▶ More than 30 days or 210 hours/fiscal year
  - ▶ Usually contracted part-time teachers
- ▶ Hourly
  - ▶ No Contract - paid hourly



# Membership Eligibility

---

- ▶ Substitute Teachers / Part-time Paraprofessional or Teacher's Aide
  - ▶ On their first day of work, the individual must elect whether or not to participate in TRS
    - ▶ MEMBERSHIP ELECTION (*FORM 106*)
  - ▶ After 210 hours of service during the school year – the individual must be enrolled as a TRS member
- ▶ TRS recommends that you encourage these individuals to enroll from day one if you believe they will go over the 210 hours





# New Hires: Form 107

---

- ▶ New members must complete the TRS NEW HIRE QUESTIONNAIRE (*FORM 107*). Employers will keep this form in their files – do **NOT** submit to TRS. The individual will indicate if they are
  - ▶ **TRS Member: Active or Inactive**
    - ▶ Member must report name of current / previous employer
  - ▶ **Retired Member**
    - ▶ Employer and working retiree must notify TRS within 30 days of employment via Notice of Postretirement Employment (*Form 146*)
  - ▶ **Member of TIAA-CREF**
    - ▶ If member is employed in a TIAA-CREF reportable position and is concurrently employed in a TRS reportable position, they cannot become an active member of TRS.



## New Hires: Forms 102 & 123

---

- ▶ In addition to Form 107, new TRS members must fill out:
  - ▶ RECORD FOR MEMBERSHIP (FORM 102)
  - ▶ BENEFICIARY DESIGNATION (FORM 123)
- ▶ These forms should both be submitted to TRS as soon as possible after the new hire begins.
- ▶ Both of these forms are on the Forms page of the TRS website in the Employer Forms section.
- ▶ Please use New Versions of forms from TRS website
- ▶ If the new hire is already a TRS member coming from another MT school district we do not need new forms.
  - ▶ Unless the member wishes to update their beneficiary info



## Contributions to TRS

Employers

Active members



# Reportable Earned Compensation

---

- ▶ Earned compensation is:
  - ▶ Remuneration paid for the service of a member out of funds controlled by an employer before any pre-tax deductions are deducted from the member's compensation.
  - ▶ **Basically Gross Pay**
- ▶ Earned compensation does not include:
  - ▶ Direct premium payments by employer for medical, pharmaceutical, disability, life, vision, dental or any other insurance
  - ▶ Direct payments by employer for
    - ▶ Professional membership dues, maintenance, housing, day care, automobile, travel, lodging, or entertainment expenses, other forms of maintenance, allowance, or expenses.



# Contributions to TRS

---

- ▶ Employer Contributions (*as of 7/1/2017*)
  - ▶ Active Members
    - ▶ School District Employers remit to TRS 8.87% of total earned compensation paid to all active TRS members.
  - ▶ Working Retirees
    - ▶ 11.25% - Discussed in later section of presentation.
  - ▶ The employer contribution rate for both active members and working retirees will continue to increase by .1% until July 1, 2023.
    - ▶ *Website Resource: Rates & Median Average Salary Charts*



# Contributions to TRS

---

## ▶ Member Contributions

- ▶ Tier One: became members **before** July 1, 2013
  - ▶ Employers remit to TRS 8.15% of total earned compensation paid to each active member on behalf of that member
- ▶ Tier Two: became members **on or after** July 1, 2013
  - ▶ Employers remit to TRS 8.15% of total earned compensation paid to each active member on behalf of that member
- ▶ Depending on future funding of TRS, contributions for Tier One and Tier Two members may not always be the same.
- ▶ Working Retirees
  - ▶ Working retirees ***do not*** have employee contributions to TRS.



## Part Two Legislative Update

Bona fide volunteers  
Wage & Contribution Reporting System



## Bona Fide Volunteers





# Bona Fide Volunteers

---

- ▶ The 2017 Legislature amended §19-20-302, MCA, which defines TRS active membership. The definition now clarifies that any person in a bona fide volunteer position is *NOT* an active member of TRS.
- ▶ TRS Retirees may serve in a volunteer capacity without a 150 calendar day break in service
- ▶ Position must meet the “bona fide volunteer position” definition
- ▶ Law provides some restrictions
- ▶ Change is effective July 1, 2017
- ▶ The retirement system may require the employer to provide information and documentation to verify that a position designated as a volunteer position meets all requirements

# Legal Definition of *Bona Fide Volunteer Position*



- ▶ A position is a bona fide volunteer position if all of the following criteria are met
  - ▶ The employer does not have any other individual working as a paid employee in the same position while the position is designated as a volunteer position
  - ▶ The individual in the position does not perform work in the volunteer position in excess of:
    - ▶ 4 hours in a day, 12 hours in a week, and 312 hours in a fiscal year if the service is performed during regular business days of the employer; or
    - ▶ 312 hours in a fiscal year if the service is performed primarily at times other than during regular business days of the employer.

# Legal Definition of *Bona Fide Volunteer*

## *Position continued...*

---



- ▶ A position is a bona fide volunteer position if all of the following criteria are met
  - ▶ The individual in the position receives no salary, stipend, remuneration of any kind, reimbursement of expenses, or in-kind benefits or services for the position.
    - ▶ Employer payments of premiums for required insurance coverage directly related to the volunteer service, such as workers' compensation coverage or personal or professional liability coverage, does not constitute remuneration.
  - ▶ The position was not a paid position with the employer within the 12 months prior to being designated as a volunteer position by the employer.
  - ▶ The position does not become a paid position for at least 12 months following the employer's designation of the position as a volunteer position.



## More Clarification

---

- ▶ A position is reportable to TRS based on the duties and functions performed in the position, not on the person working in the position.
- ▶ In the case of a bona fide volunteer position, the duties and functions performed may be similar to those performed in a TRS reportable position, but the individual in the position may not receive any type of compensation, remuneration, benefits, or other “payment” for performing the duties and functions.



## Example – Bona fide Volunteer Position

---

- ▶ The job title of a bona fide volunteer position must clearly specify that it is a volunteer position.
- ▶ For example, an employer could create a position titled “Volunteer Limited-Duty Coaching Assistant – Football” to provide support services for its compensated football coaching staff.
- ▶ An employer may not reclassify a paid position as a volunteer position, and may not have a volunteer provide service in the same position (same job title, same job description, same position number, etc.) in which a compensated individual is working.

# FORM 146 – Retired Member’s and Employer’s Notice of Postretirement Employment

---



- ▶ TRS has revised FORM 146
  - ▶ TRS retirees and their employers are required to submit Form 146 and supporting documentation when returning to work on either a paid or *volunteer* basis
  - ▶ The form requires the employer to certify compliance with the new provisions
  - ▶ New form is available on the TRS website
  - ▶ Old versions of Form 146 will no longer be accepted. Please discard any blank copies of earlier versions
  - ▶ The retired member and employer are required to submit an updated Form 146 annually, or anytime there is a change to the duties and functions of the position or to the terms of the member’s postretirement employment.

# Fact Sheet #4 – Volunteer Service and other new Fact Sheets

---



- ▶ TRS also has revised Fact Sheet #4, *Volunteer Service* with the legal definition and requirements described above
- ▶ You can print it from our website:
  - ▶ [trs.mt.gov/trsinfo/factsheets](https://trs.mt.gov/trsinfo/factsheets)
- ▶ Other Fact Sheet updates will be available soon:
  - ▶ Fact Sheet #1, *Working in Retirement* (formerly titled *Termination of Employment and Postretirement Employment*)
    - ▶ Revisions are needed to address volunteer positions
  - ▶ Fact Sheet #9, *Who is a TRS Employer?* – and
  - ▶ Fact Sheet #10, *Which Positions are Reportable to TRS?*
    - ▶ Both of these are new!



## Other Legislative Changes



# Extra Duty Service – Stipends

---

- ▶ Extra duty service. 19-20-401, MCA was amended to clarify how creditable service and earned compensation credit is calculated and awarded for extra duty service.
  - ▶ This affects how TRS employers report earnings for part-time employees who are already TRS members or for non-members who might work enough hours for TRS membership.
  - ▶ If an active TRS member is paid hourly, simply report to TRS the actual hours worked and the actual wages paid.
  - ▶ If an active TRS member is paid a single fee or stipend, report the actual stipend amount. TRS staff will convert the stipend amount to days of creditable service based on the daily rate of pay for an entry-level teacher for your specific school district.
    - ▶  $\text{Stipend amount} \div \text{daily rate of pay} = \text{days of service credit}$

# Extra Duty Service – Stipends

---

- ▶ Clerks can use the Calculation to convert stipend to FTE
  - ▶ Stipend amount ÷ daily rate of pay = days of service credit
  - ▶ days of service credit / TRS FTE days per Month (20 days) = reportable FTE for that month
  - ▶ Example:  
$$\$2,000 / \$175 = 11.43 \text{ days}$$
$$11.43 \text{ days} / 20 \text{ days (TRS FTE days per Month)} = .57 \text{ FTE}$$
- ▶ Clerks can use this methodology at the time of hire to determine whether an individual that is not otherwise a TRS member will meet the minimum eligibility requirement of at least 30 days or 210 hours to be an active member of TRS and report them to TRS as appropriate.

# Fringe Benefits

---

- ▶ **Fringe benefits.** 19-20-805, MCA was amended to eliminate fringe benefits converted to cash as an exception to earned compensation. Previously, fringe benefits converted to cash were not included in the calculation of the member's Average Final Compensation (AFC) unless the employer had reported this compensation for five or more consecutive years.
  - ▶ Now, employers should simply report fringe benefits converted to cash as earned compensation.
  - ▶ The existing rule that imposes a 110% cap on earnings will apply.
    - ▶ All reported compensation above the 110% cap on earnings will be included as termination pay Option 2 in the calculation of retirement benefits.
  - ▶ This provision does not apply to cash paid *in lieu of* a benefit, such as offering employees an option between health insurance or a cash amount.

# In-Service Leave

---

- ▶ **In-Service Leave.** 19-20-403, MCA is amended to state that TRS members may purchase service credit for “in-service leave,” such as maternity leave or other FMLA-approved leave of absence in which the member remained job-attached.
- ▶ This is informational only for TRS employers; no forms or procedures have changed.

# Disability retirees in TRS-reportable positions

---

- ▶ TRS members approved for disability retirement can maintain employment in a different job capacity.
  - ▶ Previously, these retirees were unable to accept full-time employment because doing so caused discontinuation of their TRS benefit and returned them to active membership.
- ▶ 19-20-905, MCA now provides that, as of July 1, 2017, exceeding the earnings limit causes reduction or discontinuation of a disability retiree's monthly benefit, the same as for other working retirees
  - ▶ Other established requirements for disability retirees, such as periodic medical certification of disability, are unchanged.
- ▶ No changes to employer reporting

# Stipends for national board certification

---

- ▶ 20-4-134, MCA is amended to increase the state funding for and frequency of teacher stipends for national board certification.
- ▶ The legislation also changed the definition of earned compensation in 19-20-101, MCA to clarify that teacher stipends paid for national board certification are not reportable to TRS as earned compensation.
- ▶ Therefore, the state-funded portion and up to \$500 of the employer matching portion of a stipend is not reportable
- ▶ There are Exceptions!

# Stipends for national board certification: Exceptions!

---

- ▶ Up to \$500 of the employer matching portion of a stipend is not reportable - Except as follows!
  - ▶ A stipend paid outside these provisions may be reportable to TRS as earned compensation, provided it is paid as part of a series of annual payments
    - ▶ This may include an ongoing stipend that is part of the salary matrix or that is included in a collective bargaining agreement
  - ▶ Stipends, incentives or bonuses paid to working retirees are always reportable to TRS as earned compensation
- ▶ If you have questions about whether a stipend, incentive or bonus meets the requirements please contact TRS for clarification.

# Senate Bill 143 was Vetoed

---

- ▶ Senate Bill 143 attempted to revise a law that allows a school districts to employ a TRS retiree when the district cannot hire a non-retired candidate
  - ▶ The TRS retiree continues to draw full retirement benefits
  - ▶ SB 143 would have expanded the list of employers allowed to hire retirees under these provisions
  - ▶ SB 143 would have reduced the amount of creditable service required from 30 to 27 years for many retirees.
- ▶ SB 143 did NOT become law
- ▶ This means the existing law and TRS approval process remain in effect





## Reminders

# Termination Pay Overview:

---

- ▶ Termination Pay Irrevocable Election Form – Form 129
  - ▶ At least 90 DAYS prior to last day of work
  - ▶ HAVE MEMBER CALL AND GET ESTIMATE
  - ▶ IRS rule – Allows for tax deferral of term pay
- ▶ Retirement Termination Pay – Form 113
  - ▶ Filled out at or near termination – TURN IN BEFORE REMITTING
  - ▶ Form used to enter; Term pay option, Amount vacation, Amount sick, Termination date, etc.
  - ▶ Will be used to enter amounts on Term Pay Calculator
  - ▶ Must print Term Pay Calculator and send in with Form 113
- ▶ All above must be done before Term Pay can be submitted on W&C report

# TERM PAY QUESTIONS

---

- ▶ Term Pay Calculator and Term Pay Forms
  - ▶ Cathy Page– 444-3132
  - ▶ Johnelle Sedlock – 444-4113
  - ▶ Brynn Dennehy – 444-3324
  - ▶ Jessie Hill – 444-3091
- ▶ Reporting Term Pay on W&C Report
  - ▶ Joyce Love – 444-3323
  - ▶ Nolan Brilz – 444-3679



# TRS Members

---

- ▶ A person employed at least 210 hours during the fiscal year in a position reportable to TRS must become a member of TRS.
- ▶ TRS membership is not dependent on the job title but on the responsibilities and duties of the position.





# TRS Retiree

---

- ▶ A TRS member is considered to be retired once they have:
  - ▶ Terminated all employment in positions reportable to TRS, *and*
  - ▶ Received at least one monthly benefit payment



- ▶ A TRS member has ***not*** terminated employment if they...
  - ▶ Have a prearranged agreement to return to work for their pre-retirement employer

# Working Retiree Reportable Positions

---



- ▶ Working retirees must be reported to TRS if
  - ▶ The performance of duties and functions would require participation in TRS for an active member.
- ▶ The job title does not determine reportability to TRS, it is the nature of the *services, duties, and functions* of the position.
- ▶ Working retirees must be reported if they are
  - ▶ employed by the employer,
  - ▶ an independent contractor,
  - ▶ an employee of a third party, or
  - ▶ a volunteer if not in a bona fide volunteer position.



# Working Retiree Contributions

---

- ▶ Employers pay contributions for TRS working retirees
  - ▶ Employers remit to TRS a percentage of total earned compensation paid to each retired TRS member that they *employ*. **As of July 1, 2017 the rate increases to 11.25%.**
  - ▶ If the retiree is a *volunteer not in a Bona Fide Volunteer position*, the employer must
    - ▶ assign a reasonable value to the time (e.g. per hour rate, sub, rate, or other rate paid employee for similar work) and
    - ▶ contributions must be remitted to TRS by the employer based on the volunteer hours.
  - ▶ If the retiree is an *independent consultant* or an *employee of a third party*, contributions must be remitted to TRS by the employer based on the compensation paid for services rendered.



# Hiring TRS Retired Members

---

- ▶ 150 calendar day break in service
  - ▶ Retired TRS members may not return to work in a TRS position until 150 calendar days have elapsed.
    - ▶ Rules are different for Bona Fide Volunteer Positions
- ▶ Working Retirees
  - ▶ Must comply with break in service and earnings limitations.
  - ▶ Employers must submit contributions for their working retirees.
- ▶ Independent contractors
  - ▶ Retired TRS members who return to work as an independent contractor must be reported to TRS and must comply with all necessary limitations.





# Other Reminders

---

- ▶ Sign up for ACH payments
  - ▶ ACH payments are safer and quicker to process
  - ▶ Easy accounting and less expensive
  - ▶ Can choose ACH pull date
- ▶ If remitting checks please send a copy of your contribution report
  - ▶ You can send the Print Screen version or the Contribution Summary Report
- ▶ Do not skip pay period when creating a report
  - ▶ Please double check to be sure the report you are creating is for the proper pay period
  - ▶ TRS must do several adjustment to move wages and contributions to correct period.
- ▶ Reports Due by 15<sup>th</sup> of following month
  - ▶ Please be sure reports are submitted on time
  - ▶ TRS will contact the Superintendent if necessary



# Other Reminders

---

- ▶ June reports
  - ▶ All June reports must be in by July 15<sup>th</sup>
  - ▶ TRS will send out reminder emails in June and early July
  - ▶ TRS must close fiscal year in mid July
  - ▶ If June reports are not on time the employer's Net Pension Liability will be significantly affected.
- ▶ Update contact information
  - ▶ Please double check your contact information
  - ▶ New clerks!
- ▶ Warnings and Membership Forms
  - ▶ Please review your warnings and try to eliminate reoccurring issues. Call in with questions.
  - ▶ Please send in new membership forms if you have warnings.



# Other Reminders

---

- ▶ Be sure to use most recent forms
  - ▶ TRS is still receiving old forms
  - ▶ Check the website for new forms
    - ▶ [trs.mt.gov/TrsInfo/Forms](https://trs.mt.gov/TrsInfo/Forms)
    - ▶ TRS Home Page - Popular Link
  - ▶ Discard old forms



## Other Reminders

---

- ▶ **Warning – Hourly vs Full-Time**
  - ▶ You must choose the “Member Status” in the system or it will default to Full-Time.
  - ▶ If an employee is not contracted as a full-time teacher or contracted as a part-time teacher they are probably hourly
  - ▶ If an hourly employee goes over 140 hours in a month our system will give them 1.00 FTE. But you should still just report the hours.
- ▶ **Warning – Retired Member Reporting Contributions**
  - ▶ Should they be reported as an Active Member or a Working Retiree?
  - ▶ If TRS has to change the report it will create an overage or shortage.



## Resources for TRS Employers

# TRS Website



- ▶ The TRS website is located at: [www.trs.mt.gov](http://www.trs.mt.gov)
- ▶ Active Members
- ▶ Benefit Recipients
- ▶ Employers
- ▶ Resources
- ▶ About TRS
- ▶ TRS Board
- ▶ Contact TRS



Promoting Long-Term Financial Security  
For Public Education Professionals  
Since 1937



# TRS Staff

---



- ▶ Our staff members are available to help you with questions or problems that you may have.
- ▶ Website: [www.trs.mt.gov](http://www.trs.mt.gov)
- ▶ Phone: (406) 444-3134 / (866) 600-4045
- ▶ Email: [trswebadmin@mt.gov](mailto:trswebadmin@mt.gov)
- ▶ The Contact TRS Staff page on the website has information on specific staff members who can help you address specific questions.

# Thank You!

---

